

FISCAL NOTE

SB 2704 - HB 4008

February 8, 2008

SUMMARY OF BILL: Amends the retirement law by authorizing, under certain circumstances, a retired member of the Tennessee Consolidated Retirement System (TCRS) to return to service in certain year-round positions while continuing to receive his or her retirement allowance. State government service retired employees could return to work full-time with certain local government employers and certain local government service retired employees could return to work full-time with state government.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures - \$4,672,400/Annual Amortized Cost

Increase Local Expenditures - Exceeds \$4,000,000/Permissive

Increase Federal/Other Expenditures - \$1,557,400/Annual Amortized Cost

Assumptions:

- According to the TCRS, the actuary provided information in 2005 concerning the savings to the retirement system that could be attained by removing return to work exceptions.
- The estimated annual savings of \$4.7 million allowed the TCRS contribution rate to be reduced by .23% in FY06.
- Estimated FY09 state employee covered payroll of \$2,708,600,000.
- Annual amortized cost of \$6,229,800 ($\$2,708,600,000 \times 0.23\% = \$6,229,800$).
- Increases lump sum pension liability by approximately \$63,504,000.
- Funding ratio for state employee cost is 75% state, 25% federal.
- Annual cost to local governments estimated to be in excess of \$4.0 million if all entities authorize this bill.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is written in a cursive style with a large initial "J" and a distinct "W".

James W. White, Executive Director

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